

# **Consolidated Financial Statements 2011**



ST. JOHN'S

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## **INTRODUCTION**

These documents comprise the City of St. John's financial reporting for the fiscal year ended December 31, 2011.

The Consolidated Financial Statements are the primary document, however much additional detail and explanation is provided in the "Financial Statement Discussion and Analysis" which should be read in conjunction with the Consolidated Financial Statements for a full understanding of the City's financial operations in 2011 and its financial position at December 31, 2011.

**FINANCIAL STATEMENT**  
**DISCUSSION AND ANALYSIS**  
**YEAR ENDED DECEMBER 31, 2011**



I am pleased to present the City of St. John's (the "City") 2011 Financial Annual Report, which has been prepared by the management of the City. This Report for 2011 demonstrates the progress the City has made in working towards the highest standards of performance measurement, accountability, transparency, and service delivery.

The discussion and analysis of financial performance of the City should be read in conjunction with the audited consolidated financial statements and their accompanying notes and schedules, which are prepared in accordance with Canadian generally accepted accounting principles for local governments as established by the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants.

The Consolidated Financial Statements of the City (the "Statements") provide information about the economic resources, obligations and accumulated surplus of the City. They include the City's operating departments, as well as City agencies such as the St. John's Transportation Commission, the City of St. John's Non-Profit Housing Fund and St. John's Sports & Entertainment Ltd. A brief description of the City's major funds and agencies follows.

The City's Sinking Fund contains the principal payments on the City's debenture financed long term debt, as well as the income earned on those payments. The City uses 20 year Sinking Fund bond issues to finance most capital borrowing. Under the terms of those bonds the City pays interest on the principal to the issuer semi-annually and at the same time pays a set percentage (typically 2.5% per annum) of the principal into the Sinking Fund. The money in this Fund is then invested in financial instruments authorized under the Trustee Act in order to safely accumulate the funds required to repay the lender on maturity.

The City's Non-Profit Housing Fund owns rental properties in projects located around the City. The properties were financed and constructed in conjunction with the Canada Mortgage and Housing Corporation, however the City is fully responsible for managing and maintaining the properties, which are financed by mortgages paid out of the rental revenue. The Provincial and Federal governments provide support for these projects through Newfoundland and Labrador Housing Corporation and the Canada Mortgage and Housing Corporation respectively.

The St. John's Transportation Commission, which operates as Metrobus, is a City agency overseen by seven Commissioners appointed by Council, of whom two are elected Councillors. The Commission has its own management and staff and operates independently. It receives an operating subsidy from the City and its annual budget as approved by the Commission is presented to and approved by the City.

St. John's Sports & Entertainment Ltd. ("SJSEL") is a corporation without share capital, incorporated by the City to own and operate Mile One Centre and the St.

John's Convention Centre. The nine person Board of Directors is appointed by Council and includes one elected City Councillor and two City staff as ex-officio non-voting members. Similar to the Transportation Commission, SJSEL receives an operating subsidy from the City and its annual budget as approved by the Board, is also presented to and approved by the City.

Separate financial statements are prepared annually for the Non-Profit Housing Fund, the St. John's Transportation Commission and St. John's Sports & Entertainment Ltd.

In addition, separate financial statements are prepared for the St. John's Regional Fire Department, the St. John's Regional Water Supply System, the St. John's Wastewater System, and Robin Hood Bay Regional Waste Management Facility. All of these regional services are owned and operated by the City of St. John's and their operations are included in the City's Consolidated Financial Statements, however the actual cost of operations is allocated to all users of the services which include several other municipalities in the Eastern Region of the Province, as well as commercial users. Those costs billed out to other municipalities and to commercial users are included as revenue under "Sales of Goods and Services".

The City's 2011 Consolidated Financial Statements include restated 2010 Consolidated Financial Statements (see Note 2 to the Consolidated Financial Statements) as the City completes its implementation of full accrual accounting by reflecting as revenue the value of subdivision developments transferred to the City by developers. The comparative numbers cited throughout this document include the effects, if any, of the restatement.

## OPERATING RESULTS

The Consolidated Statement of Operations and Accumulated Surplus reports the City's economic resources, obligations and accumulated surplus, on a comparative basis. The annual revenues exceeded expenditures, resulting in an increase in accumulated surplus. In 2011, the City registered consolidated revenues of \$280.56 million (2010 - \$276.07 million), recording an increase of 1.6% over 2010. Consolidated expenditures totalled \$236.31 million in 2011 (2010 - \$214.43 million), resulting in an increase in accumulated surplus of \$44.25 million.

### CONSOLIDATED REVENUES

For the years ended December 31 (in thousands of dollars)

	2011		2010		Change
			(As Restated)		
Taxation	160,537	57%	153,192	55%	7,345
Grants in lieu of taxes	4,244	2%	4,190	2%	54
Grants and transfers	57,016	20%	64,843	23%	(7,827)
Sales of goods and services	38,618	14%	33,433	12%	5,185
Other revenue from own sources	20,146	7%	20,413	7%	(267)
	280,561		276,071		4,490

Details of the types of revenue making up the broad categories shown in the Consolidated Statement of Operations and Accumulated Surplus can be found in Schedule 5, beginning on Page 26 of the Consolidated Financial Statements.

As in 2010, overall revenues for 2011 increased slightly but there were significant changes in the makeup of that revenue. Taxation revenue increased by approximately \$7.3 million. Only \$833,000 of the increase was in Water Tax in 2011, the rates for which are set on a straight forward cost recovery basis of the operating and capital costs of the City's water treatment and distribution systems along with the waste water collection and treatment systems. Business Tax increased slightly by \$450,000 while Residential and Commercial Property Taxes show a net increase of approximately \$5.7 million with the increase being entirely attributable to new residential and commercial property development.

Grants in lieu of taxes increased slightly. Approximately one half of this category consists of payments equivalent to Business Realty Tax paid by the Federal Government with the other half being payments made for water by the Provincial Government.

Grants and transfers as shown on Schedule 5, page 26 of the Consolidated Financial Statements, are down for 2011 compared to 2010 primarily because of lower transfers from developers of completed sub-division infrastructure. Capital grants from the Government of Canada consisted primarily of funds received under the Federal Gas Tax rebate program. These funds were used to enhance the City's street rehabilitation program. Municipal capital grants from the Government of Newfoundland and Labrador amounted to almost \$41.6 million. These grants related primarily to the most recent Multi-Year Capital Works Program with another \$2 million applied to affordable housing projects with another \$2.8 million being the Provincial share of debt incurred in past cost shared capital programs. For the first time, this category of revenue includes, as "Capital contribution from Developers" the value of streets, sidewalks and underground infrastructure constructed by developers in both residential and commercial subdivisions and transferred to the City as described in Note 2 to the Consolidated Financial Statements. The inclusion of these amounts is now required under Canadian accounting standards for municipal governments.

**CONSOLIDATED EXPENSES**

For the years ended December 31 (in thousands of dollars)

	2011		2010		Change
			(As Restated;		
General government services	39,397	17%	39,948	19%	(551)
Fiscal services	18,553	8%	16,997	8%	1,556
Transportation services	46,463	20%	39,929	19%	6,534
Protective services	30,443	13%	28,225	13%	2,218
Environmental health services	36,702	16%	30,934	14%	5,768
Recreation and cultural services	29,128	12%	25,177	12%	3,951
Environmental development services	5,368	2%	5,103	2%	265
Amortization and allowances	30,253	13%	28,112	13%	2,141
	236,307		214,425		21,882

Consolidated expenditures totalled \$236.31 million in 2011 (2010 - \$214.43 million), an increase of \$21.88 million over 2010. The rising expenditure was primarily owing to increase in expenses in fiscal services (up by \$1.56 million), transportation services (\$6.53 million), protective services (\$2.22 million), environmental health services (\$5.77 million), recreation and cultural services (\$3.95 million) and amortization and allowances (\$2.11 million).

Details of the expenditures making up the broad categories shown in the Consolidated Statement of Operations and Accumulated Surplus can be found in Schedule 6, beginning on Page 28 of the Consolidated Financial Statements.

The increase in fiscal services is entirely attributable to borrowing costs, primarily the issuance of a \$70,000,000 bond issue during the year that refinanced a large part of the City's cost of the Riverhead Wastewater Treatment plant and some capital expenditures under cost sharing agreements with the Provincial government

Transportation services include road transport, street lighting, the St. John's Transportation Commission and Para-Transit System, and parking meters. The major cost increases compared to 2010 were in snowclearing, streets maintenance and public transit, as shown in Schedule 6 to the Consolidated Financial Statements.

Protective services include fire protection, parking enforcement and the City's inspection services for plumbing, electrical and building construction. The \$2.23 million increase in this category is attributable to salary increases within the St. John's Regional Fire Department.

Environmental health services include water supply and distribution; regional water system; garbage, waste collection and disposal; and sewerage collection and disposal. Most categories showed increased expenditure in 2011. The \$1.0 million increase in water supply and distribution costs relate primarily to



increasing costs at the City's two water treatment plants including debt service costs related to the expansion of the facility at Bay Bulls Big Pond. The \$540,000 increase in garbage collection and disposal expenses are attributable to 2011 being the first full year of the City's curbside recycling program while the apparent \$3.65 increase in operating costs at the Robin Hood Bay landfill compared to 2010 is entirely attributable to the transfer of the operating surplus of this regional facility to future years operations. Like all regional services, Robin Hood Bay is intended to operate on a break even basis with operating surpluses or deficits applied to or picked up in future years by all users of the service.

Recreation and cultural services increased by \$3.95 million over 2010. This category takes in the operations of the City's Recreation Department, the Parks Division of the Public Works and Parks Department, the operations of St. John's Sports & Entertainment Ltd. (Mile One Centre and the St. John's Convention Centre), as well as other recreational and cultural services. The major increases in recorded expenditures in this category for 2011 are attributable to salary increases and related costs in these very large departments. It should be noted that the expenditures, including a \$1.3 million increase, for St. John's Sports & Entertainment Ltd. covers all the operating expenses for that organization for the year and is matched by a similar increase in revenues as shown under revenues in Schedule 5 under "Sales of goods and services".

Amortization and allowances include provisions for uncollectible accounts, provision for obsolete inventory, loss on disposal of tangible capital assets and amortization. Amortization of assets rose by \$2.11 million from the previous year and was primarily responsible for the increase in expenses under this category. Amortization is a charge to operating expenses in each year of a portion of the capitalized cost of fixed assets. The purpose of this amortization is to allocate the cost of tangible capital assets to all the years the assets are used in City operations rather than just in the year acquired or in which capital expenditures were made. Note 5 and Schedule 1 of the Consolidated Financial Statements provide more details on the City's tangible assets.

## **FINANCIAL POSITION**

The Consolidated Statement of Financial Position reports the City's financial and non-financial assets and liabilities, and accumulated surplus as at December 31, 2011, on a comparative basis to the restated results for 2010. This statement, read in conjunction with the referenced notes, is used to evaluate the City's ability to finance its operations and to meet its obligations and commitments. The accumulated surplus, which represents the net assets of the City, is one of the key indicators on the Consolidated Statement of Financial Position.

The annual change in the accumulated surplus is equal to the yearly excess of revenues over expenses for the year, which was \$44.25 million in 2011. This increase in surplus is primarily attributable to the capital contributions from other levels of government and from developers, which must be recorded as revenue

in the year received and additional operating revenues providing increases in sales of goods and services, grants and transfers, and earnings from taxation as described above.

As shown in Note 13 to the Consolidated Financial Statements the accumulated surplus from past revenues and contributions has been used to create reserves (appropriated surplus) under various accounts/projects. The majority of these reserves are earmarked for future capital expenditures and for stabilizing fluctuations in operating expenditures and revenue levels from year to year. In 2011, the City's reserve balances increased overall by \$5.54 million over the previous year. Sinking fund reserve for retirement of debentures accounted for the largest amount under reserve, which increased (net of a debenture retirement of \$9,012,000) by \$2.22 million in 2011.

Some of the important items in the Consolidated Statement of Financial Position are discussed in the following section. Further details on many of the amounts are shown in the Notes to the Consolidated Financial Statements

#### **CASH & CASH EQUIVALENTS**

Cash and cash equivalents decreased slightly by \$1.45 million in 2011 but the make up of that total changed considerably as the Public Transit Fund decreased from over \$19 million to less than \$4.5 million as construction proceeded on the new Metrobus Depot. At the same time cash on deposit increased from nothing to almost \$11 million, largely because the \$70 million debenture issued by the City in 2011 included funds required for capital projects close to completion in 2011. Not all these funds were disbursed prior to year end. Other significant items under the cash and cash equivalent account includes accommodation tax, advance payments from developers, and the replacement reserve fund for the City's non-profit housing projects. The amount reserved for closure and post-closure costs at the Robin Hood Bay Waste Management Facility increased to \$3.6 million in 2011 while a further \$1.4 million has been set aside for equipment replacement at Robin Hood Bay. These monies are collected as part of the tipping fees paid by all users of the Facility. This item is explained in detail in Note 17 to the consolidated financial statements.

#### **ACCOUNTS RECEIVABLE**

The current portion of accounts receivable decreased by \$2.5 million in 2011 over 2010, partly because of a decrease in receivables from other governments, the vast majority of which consists of capital costs incurred under cost-sharing programs and partly because of a \$960,000 reduction in taxes receivable. At the same time Other current accounts receivable increased by almost \$1.7 million to \$11.33 million. This category includes receivables from a wide variety of sources including other municipalities, commercial water users and tipping fees.

Accounts receivable – long term consists mainly of amounts receivable from the provincial government for funds borrowed to finance the provincial share of cost shared capital projects. Accounts receivable – long term declined by a further \$5.04 million as the Provincial Government continues paying off its share of older loans and pays its share of cost-shared projects out of its own current revenues.

## **PORTFOLIO INVESTMENTS**

Portfolio investments (sinking funds) increased by \$11.23 million in 2011 from the previous year and were reduced by \$9 million as funds were used to repay a matured debenture, leaving a net increase for the year of \$2.22 million. Sinking funds are established under the terms of the City's Debenture debt borrowings and are used to accumulate the principle payments required each year. These typically consist of payments of 2.5% of the originally borrowed amount of each bond issue per year, plus the income earned as these amounts are invested. This process ensures that sufficient funds are on hand to pay off the bonds (debentures) on maturity. The total amount of the Sinking Funds must be offset against the Debenture debt total to provide the net debt outstanding at year end.

## **PAYABLES & ACCRUALS**

The payables and accruals consist of deposits and prepayments, trade, accrued interest, and obligations to other governments. Deposits and prepayments under this account includes the funding from the Federal Public Transit Fund, which is being used for the construction of the new Metrobus Depot.

## **DEBT**

The City has two major types of debt obligations—debenture debt and long-term debt. The largest debt component is the sinking fund debentures, which totalled \$286.50 million as at December 31, 2011. (see Schedule 2 to the consolidated financial statements) The annual requirements until 2016, relating to sinking funds (less debt charges recoverable from the Province of Newfoundland and Labrador), range from \$5.09 million down to \$3.8 million as older bonds mature. The long-term debt consists of mortgages and other loans including those for urban living non-profit housing, sewage treatment plants, and other capital projects. The City's net debt payable at the end of December 2011 is \$206.65 million, as summarized in the table below. For a valid comparison of 2010 to 2011 the \$39 million interim financing loan shown on the 2010 Consolidated Statement of Financial Position should be added to the \$149.18 million for a total of \$188.18 million. This amount covers capital expenditures already incurred but not financed as at year end. As discussed in Note 17 to the Consolidated Financial Statements, in August 2011 the City sold a \$70 million bond issue which eliminated the \$39 million interim financing loan and also covered the City's expected Capital expenditures in 2011.

**DEBT**

(for the years ended December 31)

	2011	2010	Change
Debenture debt	286,500,000	225,512,000	60,988,000
Long term debt	37,447,114	43,786,166	(6,339,052)
	323,947,114	269,298,166	54,648,948
Less: Accounts receivable - long term	41,654,772	46,690,147	(5,035,375)
Portfolio investments (Sinking Funds)	75,642,202	73,424,249	2,217,953
Net debt payable	206,650,140	149,183,770	57,466,370

**EMPLOYEE BENEFITS**

The City provides pension, sick leave, and severance pay benefit plans for qualifying employees. The cost of these plans is actuarially determined each year, based on best estimates of a number of assumptions. Past experience and future economic and investment outlook lay the foundation for the assumptions; hence, future uncertainty may derail some of the projections. Variance between actual experience and assumptions (and revisions in assumptions) will almost certainly lead to adjustments in pension, severance, and/or sick leave benefit expenses in future. Some important assumptions relate to such factors as the long-term expected rate of return on plan assets, inflation, increase in salaries, discount (interest) rates, and employee related factors such as retirement age, mortality, turnover, used sick leave, etc.

The City contributes to a defined benefit pension plan for employees as well as to a supplementary retirement plan for the members of Council, both providing benefits based on length of service and average annual income. The consolidated financial statements also incorporate the two pension plans in place for the St. John's Transportation Commission (see Note 11). The aggregate employee benefits obligation increased to \$129.80 million at December 31, 2011 compared to \$119.47 million at December 31, 2010. The largest amount, explained in more detail in Note 12, is for post employment health and life insurance benefits, which is the current calculation of the future cost of paying the premiums for these benefits for current employees after their retirement. This is an extrapolation with no funding required on a current basis.

**TANGIBLE CAPITAL ASSETS**

Tangible capital assets include the City's physical assets such as land, buildings, equipment, vehicles, roads, underground networks, etc. These assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, and/or development of the assets. The cost, less estimated residual value of the assets are amortized on a straight-line basis over the assets' estimated useful lives, ranging from 5 to 100 years.

In 2011, the City made total capital investments of \$74.91 million under various projects. Major outlays were in buildings and permanent improvements; equipment, vehicles and moveable plant; and in work in progress of projects from



earlier years. The ending book value of the City's tangible capital assets stood at \$1.027 billion as at December 31, 2011, after taking into account the impact of the restatement discussed in Note 2 to the consolidated financial statements.

## **FINANCIAL INDICATORS**

The financial condition of the City is measured by its ability to meet its existing financial obligations to employees, creditors, and other stakeholders, while continuing to provide high quality service to the public. The City manages debts and credits efficiently which puts it on a good credit standing.

The City was rated by two ratings agencies in 2011; the first time the City has sought a formal credit rating. The ratings obtained were Aa2 Stable by Moody's and A+ Stable by Standard and Poors. These credit ratings enable the City to market its bonds to a larger market and provide us with better (lower) interest rates.

Rigorous contract management, purchasing, and financial controls are in place to ensure proper financial checks and balances. An analysis of the comparative Consolidated Financial Statements for 2011 and 2010 reveals the City's financial state.

One of the key indicators of financial health is the sustainability ratio. It measures the degree to which the City can maintain its existing service and financial commitments without increasing the relative debt or tax burden on the taxpayers. A critical measure of sustainability is the assets-to-liabilities ratio. At December 31, 2011, the City had an assets-to-liabilities ratio of 2.19, a slight increase from the 2.18 ratio in both 2010 and 2009 which implies that the City has sufficient assets in place to cover its existing liabilities. It has to be borne in mind that much of both the assets and liabilities relate to the infrastructure required to be in place and maintained to ensure that the City continues to be able to provide its mandated services. The City's financial assets-to-liabilities ratio remained at the same level at the end of 2011 at 0.37 as at December 31, 2010, compared to 0.34 in 2009 and 0.42 in 2008. These levels are to be expected as most financial liabilities are long term debt repayable over the next twenty years.

## **CONSOLIDATED STATEMENT OF CASH FLOW**

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The Consolidated Statement of Cash Flow summarizes how the City's cash position changed during the year by highlighting the City's sources and uses of cash. The statement is useful in determining the short-term viability of the City, particularly its ability to pay bills. The statement reconciles the cash position of the City over the fiscal year ended December 31, 2011 by starting with income earned during the year, adding back amortization of tangible capital assets as well as other non-cash expenditures, adding cash provided by borrowing and other financing activities, and deducting capital expenditures and principal payments on debt. As at December 31, 2011, the City's cash position stood at \$23.27 million, a small decrease of \$1.4 million over the previous year. The

composition of cash on hand is set out in Note 3 to the consolidated financial statements. While the decrease in total is small, the composition of that total has changed significantly with the decrease in the Public Transit Fund from \$19 million to \$4.4 million as construction of the new Metrobus Depot proceeded and drew down the funds received from the Federal Government. Cash on hand has changed from what was effectively an overdraft of \$11.5 million in 2010 to cash on hand of \$10.89 million at December 31, 2011. This is attributable to the large amount of capital funding we were carrying on our cash flow at the end of 2010. The bond issue of August, 2011 set up the long term financing of these projects so now the cash on hand is more reflective of the City's regular operations.

#### **CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**

The City relies on borrowed funds to finance some of its capital expenditures as there is a gap between capital expenditure needs and ongoing revenue sources. However, debt has remained at sustainable levels. The Consolidated Statement of Change in Net Debt reconciles the net debt of the City, year-on-year, where net debt is the City's financial assets (cash and equivalents) less financial liabilities. The statement reports on the extent to which expenditures (as opposed to expenses) in the year have been met by revenues recognized in the year. Expenditures include both payments on debt principal in the year as well as the costs of acquisition of tangible capital assets, items that require the outlay of cash but are not considered expenses for the year. This statement essentially reports how these expenditures are financed.

In 2011, the City's net debt decreased by \$3.2 million (2010, increased by \$21.7 million). It should be noted that the City's Long Term Debt Policy allows borrowing only for capital projects where at least 50% of the cost is borne by third parties or where there is a dedicated new source of revenue sufficient to cover the City's cost. That policy also provides that the City's total general obligation debt service (eg. paid from property tax) shall not exceed 17.5% of the City's net operating revenue. That ratio as of December 31, 2011 is at approximately 10%.

#### **COMPARISON TO BUDGET**

In accordance with the City of St. John's Act, the City prepares its annual budget on a cash basis rather than the full accrual basis now mandated for its annual consolidated financial statements by Canadian generally accepted accounting principles for local governments. There are many differences between the cash basis financial results derived from the cash budget and the results provided by

accrual based financial statement accounting, however, in order to compare the City's operating results to the approved budget for 2011 we have to do it on a cash basis. The following schedule provides that comparison.

**CITY OF ST. JOHN'S**  
**Cash Basis Statement of Revenue and Expenditure**  
**Year ended December 31, 2011**

	<b>2011 Actual</b>	<b>2011 Budget</b>	<b>Variance</b>
<b>Revenue</b>			
Taxation	\$ 173,845,818	\$ 172,233,013	\$ 1,612,805
Grants from other governments	25,239,602	26,108,894	(869,292)
Grants in lieu of taxes	4,244,586	3,735,000	509,586
Sales of goods & services	20,248,175	15,794,475	4,453,700
Other revenue own sources	10,315,378	9,433,100	882,278
Other transfers	546,086	700,000	(153,914)
<b>Total Revenue</b>	<b>234,439,645</b>	<b>228,004,482</b>	<b>6,435,163</b>
<b>Expenditure</b>			
General government services	30,132,222	30,630,217	(497,995)
Protective services	26,629,837	26,800,174	(170,337)
Transportation services	43,995,870	42,459,623	1,536,247
Environmental health services	53,668,158	53,924,257	(256,099)
Environmental development services	9,700,033	9,523,905	176,128
Recreation and cultural services	18,039,540	18,894,367	(854,827)
Fiscal services	27,728,760	29,503,883	(1,775,123)
Transfers to reserves & other funds	22,649,512	16,268,056	6,381,456
<b>Total Expenditure</b>	<b>232,543,932</b>	<b>228,004,482</b>	<b>4,539,450</b>
<b>Net cash operating surplus</b>	<b>1,895,713</b>	<b>0</b>	<b>1,895,713</b>

As shown, City operations in 2011 resulted in an operating surplus of approximately \$1.9 million. When this is added to the accumulated cash surplus from prior years, the accumulated cash surplus from operations at December 31, 2011 amounted to approximately \$12.7 million. In 2012, the City allocated \$10 million of this surplus to badly needed capital replacement projects, primarily the replacement of aged and deteriorated water mains. This work commenced in 2012 and is scheduled to be completed in 2013.

Contributing factors in the operating surplus for 2011 were positive variances in a variety of revenues. The large positive variance in Sales of Goods and Services, includes Tipping Fees at the Robin Hood Bay Waste Management Facility which were \$2,822,000 over budget. It should be noted that the surplus earned at Robin Hood Bay goes into a reserve for future years as this facility provides service for the whole region. This transfer to reserve is included in the cash expenditures noted below.

On the expenditure side small positive variances were experienced in most areas with the major negative variance being in the "Transfers to reserves & other funds" category. This includes the operating surplus at Robin Hood Bay and an increased contribution to capital. The major positive variance was in "Fiscal services" and occurred because a bond issue originally planned for late in 2010 was pushed out to August, 2011 because of market conditions and the City's desire to have its credit ratings in place before going to the financial market.

The following schedule provides a reconciliation of the City's surplus on operations as reported in the Consolidated Financial Statements to the cash basis surplus calculated in accordance with the City's approved budget.

**RECONCILIATION OF OPERATING SURPLUS FROM ACCRUAL BASIS TO CASH BASIS**  
(for the year ended December 31, 2011)

Surplus on operations per Consolidated Financial Statements	\$ 44,253,925
Add:	
Gross expenditures - St. John's Transportation Commission	14,633,201
Gross expenditures - St. John's Sports & Entertainment Ltd.	7,399,417
Amortization of tangible capital assets	28,324,919
Provision for employee post-retirement benefits	10,243,036
Management expenses, Non-Profit Housing	983,123
Other - net	168,027
	<u>106,005,648</u>
Less:	
Gross revenues - St. John's Transportation Commission	5,112,674
Gross revenues - St. John's Sports & Entertainment Ltd.	6,848,770
Operating subsidy - St. John's Transportation Commission	9,727,650
Operating subsidy - St. John's Sports & Entertainment Ltd.	1,250,000
Capital contribution - St. John's Sports & Entertainment Ltd.	300,000
Net surplus, Non-Profit Housing	1,615,385
Interest earned, Sinking Funds	3,542,292
Principle portion of debt service	10,358,267
Contribution to capital out of revenue	20,722,023
Contribution to capital - third parties	44,632,874
	<u>104,109,935</u>
Surplus on operations on cash basis	\$ 1,895,713

**WHAT THE FINANCIAL STATEMENTS MEAN**

The City of St. John's prepares its annual consolidated financing statements in accordance with Canadian generally accepted accounting principles for local governments as noted above. These consolidated financial statements are therefore prepared on the full accrual basis which requires the City to, amongst other things:

- (a) record capital grants from third parties, primarily the Provincial and Federal governments, as revenue in the year received;
- (b) record as revenue the value of subdivision common areas transferred to the City by developers;
- (c) exclude the purchase or construction cost of fixed assets from the Statement of Operations and the inclusion of amortization of those fixed

assets as disclosed in Schedule 1 to the consolidated financial statements; and

- (d) exclude from expenditure, payments made on the principal balances of long term debt.

Readers of these financial statements must therefore understand that the high revenues and substantial operating surpluses recorded are almost entirely attributable to the receipt and recording as revenue of capital grants and actual physical assets. The consolidated financial statements as presented indicate the following:

- the City has spent a great deal of money on the acquisition of fixed or tangible assets in recent years, primarily basic infrastructure, and has received substantial capital contributions towards those expenditures from the Federal and Provincial governments;
- the surplus which has been generated is based on tangible capital assets which are held indefinitely and used to provide services to residents. They are not for sale and are not used to directly generate revenue; and
- the City maintains a cumulative cash surplus on operations and is maintaining a good financial position.

The primary goal of a municipality's financial statements is accountability. This includes not only the basic handling of cash funds provided by tax payers and by other levels of government but also how those funds are used to ensure that the municipalities' physical assets are maintained as required, replaced as appropriate and financed responsibly. These statements are intended to provide that information to current and future readers and to provide an objective measure of the City's performance in achieving accountability for all its assets.

Robert G. Bishop, C.A.  
Director of Finance  
and City Treasurer



## **RESPONSIBILITY FOR FINANCIAL REPORTING**

The accompanying Consolidated Financial Statements and all other information contained in this Annual Report are the responsibility of the management of The City of St. John's. The preparation of periodic financial statements involves the use of estimates and approximations because the precise determination of financial information frequently depends on future events. These Consolidated Financial Statements have been prepared by management within reasonable limits of materiality and within the framework of Canadian generally accepted accounting principles for governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

In carrying out its responsibilities, management maintains appropriate systems of internal and administrative controls designed to provide reasonable assurance that transactions are executed in accordance with proper authorization, that assets are properly accounted for and safeguarded and that financial information produced is relevant and reliable.

Prior to their submission to Council, the Consolidated Financial Statements have been reviewed and approved by the City's Audit Committee.

Deloitte & Touche LLP, Chartered Accountants, as the City's appointed external auditors, have audited the Consolidated Financial Statements. The Auditors' Report is addressed to the Mayor and Councillors and appears in the following pages. Their opinion is based upon an examination conducted in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to obtain reasonable assurance that the Consolidated Financial Statements are free of material misstatement and present fairly the financial position and results of operations of the City in accordance with Canadian generally accepted accounting principles.

Robert G. Bishop, C.A.  
Director of Finance  
and City Treasurer



*Consolidated Financial Statements of*

**CITY OF ST. JOHN'S**

*December 31, 2011*

# **CITY OF ST. JOHN'S**

December 31, 2011

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## Independent Auditor's Report

To His Worship the Mayor and Councillors,  
City of St. John's

We have audited the accompanying consolidated financial statements of the City of St. John's which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statement of operations and accumulated surplus, changes in net debt and cash flows for the year then ended, and a summary of significant accounting policies, attached schedules and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

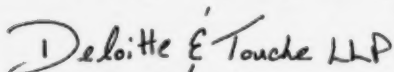
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the City of St. John's as at December 31, 2011 and the results of its operations, changes in net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Deloitte & Touche LLP

Chartered Accountants  
November 26, 2012

**CITY OF ST. JOHN'S****Consolidated Statement of Operations and Accumulated Surplus**

Year ended December 31, 2011

	2011	2010
	\$	\$
		(Restated Note 2)
<b>Revenue (Schedule 5)</b>		
Taxation	160,536,707	153,192,435
Grants in lieu of taxes	4,244,585	4,189,985
Grants and transfers	57,015,975	64,842,508
Sales of goods and services	38,618,028	33,432,624
Other revenue from own sources	20,145,718	20,413,803
	<b>280,561,013</b>	<b>276,071,355</b>
<b>Expenditure (Schedule 6)</b>		
General government services	39,397,054	39,947,471
Fiscal services	18,553,373	16,997,462
Transportation services	46,462,759	39,929,453
Protective services	30,443,268	28,224,520
Environmental health services	36,702,236	30,933,529
Recreation and cultural services	29,127,604	25,177,342
Environmental development services	5,368,386	5,102,928
Amortization and allowances	30,252,408	28,112,356
	<b>236,307,088</b>	<b>214,425,061</b>
Excess of revenues over expenditures	44,253,925	61,646,294
Accumulated surplus, beginning of year (Note 2)	664,404,164	602,757,870
<b>Accumulated surplus, end of year (Note 13)</b>	<b>708,658,089</b>	<b>664,404,164</b>

See accompanying notes to the consolidated financial statements

**CITY OF ST. JOHN'S**  
**Consolidated Statement of Financial Position**  
As at December 31, 2011

	2011	2010
	\$	\$ (Restated Note 2)
<b>Financial assets</b>		
Cash and cash equivalents (Note 3)	23,272,738	24,723,959
Short-term investments	14,253,025	-
Accounts receivable - current (Note 4)	37,091,540	39,533,141
Accounts receivable - long-term (Note 5)	41,654,772	46,690,147
Investment in rental housing projects	340,872	370,835
Portfolio investments (Sinking funds) (Note 13 and Schedule 2)	75,642,202	73,424,249
	<b>192,255,149</b>	<b>184,742,331</b>
<b>Financial liabilities</b>		
Bank indebtedness (Note 15)	-	11,490,127
Interim financing loan (Note 15)	-	39,000,000
Payables and accruals (Note 7)	59,527,665	63,006,480
Employee benefits (Note 8)	129,803,919	119,474,498
Deferred credits	600,800	901,200
Debenture debt (Note 9)	286,500,000	225,512,000
Long-term debt (Note 10)	37,447,114	43,786,166
Trust funds payable	421,482	418,091
	<b>514,300,980</b>	<b>503,588,562</b>
<b>Net debt</b>	<b>(322,045,831)</b>	<b>(318,846,231)</b>
Contingencies and commitments (Note 16)		
<b>Non-financial assets</b>		
Tangible capital assets (Note 2, 6 and Schedule 1)	1,026,698,970	979,222,447
Inventory of materials and supplies	2,697,397	2,637,931
Prepaid expenditures	1,295,219	1,365,263
Unamortized bond discount	12,334	24,754
	<b>1,030,703,920</b>	<b>983,250,395</b>
<b>Accumulated surplus (Note 13)</b>	<b>708,658,089</b>	<b>664,404,164</b>

See accompanying notes to the consolidated financial statements

**On behalf of Council**

\_\_\_\_\_  
Mayor

\_\_\_\_\_  
Director of Finance and City Treasurer

**CITY OF ST. JOHN'S****Consolidated Statement of Change in Net Debt**

Year ended December 31, 2011

	2011	2010
	\$	\$
		(Restated Note 2)
<b>Excess of revenues over expenditures</b>	<b>44,253,925</b>	<b>61,646,294</b>
<b>Changes in tangible capital assets</b>		
Acquisition of tangible capital assets	(75,825,417)	(109,804,447)
Net book value of tangible capital assets		
disposals/adjustments	23,975	78,999
Amortization of tangible capital assets	28,324,919	26,365,459
<b>Increase in net book value of tangible capital assets</b>	<b>(47,476,523)</b>	<b>(83,359,989)</b>
<b>Changes in other non-financial assets</b>		
Change in prepaid expenditures and unamortized bond discounts	82,464	117,206
Acquisition of inventory and supplies, net of usage	(59,466)	(129,032)
<b>Decrease (increase) in other non-financial assets</b>	<b>22,998</b>	<b>(11,826)</b>
<b>Increase in net debt</b>	<b>(3,199,600)</b>	<b>(21,725,521)</b>
<b>Net debt, beginning of year</b>	<b>(318,846,231)</b>	<b>(297,120,710)</b>
<b>Net debt, end of year</b>	<b>(322,045,831)</b>	<b>(318,846,231)</b>

See accompanying notes to the consolidated financial statements

**CITY OF ST. JOHN'S**  
**Consolidated Statement of Cash Flows**  
Year ended December 31, 2011

	2011	2010
	\$	\$
		(Restated Note 2)
<b>Operating transactions</b>		
Excess of revenues over expenditures	44,253,925	61,646,294
Non-cash charges to operations:		
Amortization of tangible capital assets	28,324,919	26,365,459
Employee benefits	10,329,421	11,748,497
Gain on disposal of tangible capital assets	(36,390)	(32,588)
	82,871,875	99,727,662
Net change in other (Note 14)	(1,327,036)	1,864,413
	81,544,839	101,592,075
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(75,825,417)	(109,804,447)
Proceeds from sale of tangible capital assets	60,365	111,587
	(75,765,052)	(109,692,860)
<b>Financing transactions</b>		
Decrease in long-term accounts receivable	5,035,375	4,936,199
(Repayment of) proceeds from interim financing loan	(39,000,000)	15,000,000
Proceeds from debenture debt	70,000,000	-
Repayment of debenture debt	(9,012,000)	(56,000)
Repayment of long-term debt	(6,339,052)	(5,373,252)
(Decrease) increase in bank indebtedness	(11,490,127)	1,246,647
Other	12,420	12,418
	9,206,616	15,766,012
<b>Investing transactions</b>		
Increase in sinking fund investments	(2,217,953)	(10,933,651)
Purchase of short-term investments	(14,253,025)	-
Increase (decrease) in trust funds payable	3,391	(333,303)
Decrease in investment in rental housing projects	29,963	28,078
	(16,437,624)	(11,238,876)
Decrease in cash and cash equivalents	(1,451,221)	(3,573,649)
Cash and cash equivalents, beginning of year	24,723,959	28,297,608
<b>Cash and cash equivalents, end of year</b>	<b>23,272,738</b>	<b>24,723,959</b>

Supplementary cash flow information (Note 14)

See accompanying notes to the consolidated financial statements

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") as recommended by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants and reflect the following significant accounting policies:

*Basis of consolidation*

The consolidated financial statements include all the accounts of the City of St. John's (the "City"), St. John's Transportation Commission and St. John's Sports & Entertainment Ltd., which are wholly-owned and operated by the City. Any inter-company transactions have been eliminated on consolidation. Any internal revenue and expenses for the City's Urban Living Non-Profit Housing Fund, Regional Fire Department, Regional Waste Water System, Robin Hood Bay Regional Waste Management Facility, and Regional Water Supply System have also been eliminated on consolidation.

*Revenue recognition*

Revenues are recognized as earned and when collection is reasonably assured. Property tax billings are prepared by the City based on the assessed values of the respective property. The tax rates are approved annually by Council.

Government grants and transfers are recognized as revenue in the financial period in which events give rise to the transfer occurring, providing the transfers are authorized, any eligibility criteria have been met including performance and return requirements, and reasonable estimates of the amount can be determined.

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand, balances with banks (net of overdrafts) and short-term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

*Inventories*

Inventories of material and supplies are carried at the lower of cost and net realizable value.

*Investments in rental housing projects*

Investments in rental housing projects are recorded at cost.

*Short-term investments*

Short-term investments are recorded at cost plus accumulated interest.



**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

---

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Tangible capital assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	45 years
Vehicles	
Transit buses	7-12 years
Vehicles	7-20 years
Computer hardware and software	5 years
Other	
Machinery and equipment	15-20 years
Water and waste plants and networks	
Underground networks	75 years
Sewage treatment plants and lift stations	45 years
Water pumping stations and reservoirs	45 years
Flood stations and other infrastructure	45 years
Transportation	
Roads	35 years
Bridges and structures	50 years

One-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

*Contribution of tangible capital assets*

Contributions of tangible capital assets are recorded at fair value at the date of receipt. The contribution is recorded as revenue.

*Leases*

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expense.

*Bond discounts*

Bond discounts are amortized and expensed over the term of the related bond issue.

*Assessments*

Assessments for water and sewer installations and street improvements are recorded on an accrual basis.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Portfolio investments (Sinking funds)*

Sinking funds established for the retirement of debentures are held and administered by a third party and accounted for in the City's records on an accrual basis.

*Reserve for snow and ice management*

The City has established a snow and ice management reserve, to a maximum of \$2,000,000, to accumulate funds to be used in years of severe winter conditions.

*Reserve for Civic Centre financing*

The City has established a Civic Centre financing reserve to accumulate its share of revenue received from the accommodations' tax. The accommodations' tax, which was legislated effective January 1, 1999, represents a three percent room levy on all fixed roof accommodations in the City of St. John's. The funds in the reserve are used to reduce the debt related to the construction of the St. John's Convention centre and to pay for capital improvements for the facility.

*Solid waste landfill closure and post-closure costs*

The liability for closure and post-closure care of the City's Robin Hood Bay landfill is recognized as the landfill site's capacity is used. Closure costs are included in annual operating costs as each section of the landfill site is filled and placed out of service. The present value of the estimated annual post-closure costs is being accrued over the remaining life of the landfill site.

*Severance pay*

The City accounts for severance pay on the accrual basis and the amount is calculated based upon accumulated unused sick leave or on years of service. The amount is payable when the employee ceases employment with the City.

*Accrued pension benefits*

The cost and obligation of pension benefits, earned by employees and members of Council, are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions of future investment returns for funded plans, salary changes and retirement ages of employees. For the purpose of calculating the expected return on plan assets, those assets are valued at fair value.

The discount rate used for determining the benefit obligation is the expected rate of return on plan assets or the City's cost of borrowing.

Past service costs resulting from plan amendments are recognized at the date of amendment.

The excess of the net actuarial gain (loss) is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the employee plan is 14.7 years and 1.2 years for the Mayor and Councillors' plan.



**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Employee future benefits*

The City provides post retirement benefits in the form of extended life and health coverage to employees. The cost and obligations of these benefits earned by employees are actuarially determined using the accrued benefit method prorated on service and management's best estimate of assumptions and future claim rates and costs. There is no requirement to fund these future obligations on a current basis.

*Use of estimates*

In preparing the City's financial statements in conformity with PSAS, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

**2. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

The December 31, 2010 figures have been restated to record capital contributions from developers for 2007, 2008, 2009, and 2010. The restatement has resulted in an increase of accumulated surplus and tangible capital assets for 2009 and prior of \$47,491,767 and for 2010 of \$19,667,183.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

**2. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS (Continued)**

	As perviously reported Dec. 31, 2010 \$	As re-stated Dec. 31, 2010 \$	Restatement \$
<b>Statement of Operations and Accumulated Surplus</b>			
Revenue			
Grants and transfers	44,301,418	64,842,508	20,541,090
Expenditure			
Amortization and allowances	27,238,449	28,112,356	873,907
Excess of revenue over expenditure	41,979,111	61,646,294	19,667,183
Accumulated surplus, beginning of year	555,266,103	602,757,870	47,491,767
Accumulated surplus, end of year	597,245,214	664,404,164	67,158,950
<b>Statement of Financial Position</b>			
Tangible capital assets (Note 6)	912,063,497	979,222,447	67,158,950
Accumulated surplus, end of year	597,245,214	664,404,164	67,158,950
<b>Statement of Changes in Cash Flows</b>			
Excess of revenue over expenditure	41,979,111	61,646,294	19,667,183
Amortization of tangible capital assets	25,491,552	26,365,459	873,907
Acquisition of tangible capital assets	(89,263,357)	(109,804,447)	20,541,090
<b>Statement of Changes in Net Debt</b>			
Excess of revenue over expenditure	41,979,111	61,646,294	19,667,183
Changes in tangible capital assets			
Acquisition of tangible capital assets	(89,263,357)	(109,804,447)	(20,541,090)
Amortization of tangible capital assets	25,491,552	26,365,459	873,907

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

**3. CASH AND CASH EQUIVALENTS**

	2011	2010
	\$	\$
Cash	10,890,245	-
Restricted cash deposits:		
Accommodation tax	717,826	728,498
Public Transit Fund	4,399,020	19,034,095
Robin Hood Bay post closure costs (Note 17)	3,622,775	2,400,000
Robin Hood Bay equipment replacement	1,417,902	850,741
Convention Centre Equipment replacement	300,000	-
Northeast Avalon Regional Plan	329,833	313,202
Advance payments from developers	421,482	418,091
Urban living non-profit housing:		
Tenants' security deposits	104,419	103,930
Replacement reserve fund	1,069,236	875,402
	<b>23,272,738</b>	<b>24,723,959</b>

The Public Transit Fund consists of funds that have been received in advance of expenditure under the Federal Provincial Public Transit funding agreement signed October 23, 2007. The funds are being used to construct a modern transit depot.

The City has agreements with Canada Mortgage and Housing Corporation ("CMHC") and Newfoundland and Labrador Housing Corporation ("NLHC") which stipulate that cash be set aside for a replacement reserve fund.

**4. ACCOUNTS RECEIVABLE - CURRENT**

	2011	2010
	\$	\$
Taxes	6,322,672	7,283,172
Other governments	19,434,694	22,598,367
Other	11,334,174	9,651,602
	<b>37,091,540</b>	<b>39,533,141</b>

# CITY OF ST. JOHN'S

## Notes to the Consolidated Financial Statements

December 31, 2011

### 5. ACCOUNTS RECEIVABLE - LONG-TERM

The Government of Canada, through CMHC, has agreed to pay grants to the City as a share of Rennies River trunk sewer and Mundy Pond neighbourhood improvement program. The Province of Newfoundland and Labrador has agreed to pay grants to the City as a share of water and sewer, street paving and reconstruction, and recreational facilities programs. These grants are payable by annual instalments and have maturity dates to December, 2026.

	2011	2010
	\$	\$
Government of Canada		
Rennies River trunk sewer	322,977	373,906
Government of Newfoundland and Labrador		
Water and sewer projects	30,580,049	33,899,199
Civic Centre	8,835,267	10,233,809
Other	-	12,498
	39,415,316	44,145,506
Other		
Federation of Canadian Municipalities - interest grant	600,800	901,200
Civic assessments	1,315,679	1,269,535
	1,916,479	2,170,735
	41,654,772	46,690,147

The Federal and Provincial government's share of cost shared loans is recorded in the accounts of the City as debt charges recoverable. For the next five years the amounts are as follows:

	Federal	Provincial	Total
	\$	\$	\$
2012	56,233	5,034,742	5,090,975
2013	62,089	5,349,874	5,411,963
2014	68,556	5,522,381	5,590,937
2015	75,697	5,658,058	5,733,755
2016	23,765	5,658,058	5,686,823

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

**6. TANGIBLE CAPITAL ASSETS**

	Net Book Value	
	2011	2010
	\$	\$
Land	48,495,786	48,492,075
Buildings and permanent improvements	195,805,347	195,223,245
Roads and underground networks	557,385,796	519,177,663
Equipment, vehicles and moveable plant	99,188,490	99,720,149
Fire department buildings and equipment	13,914,374	13,519,488
Urban living non-profit housing buildings	18,298,186	16,151,663
Work in process	93,610,991	86,938,164
	<b>1,026,698,970</b>	<b>979,222,447</b>

Additional information on cost of additions, disposals and amortization is presented in Schedule 1.

**7. PAYABLES AND ACCRUALS**

	2011	2010
	\$	\$
Trade	35,936,723	31,391,588
Deposits and prepayments	20,464,873	29,452,109
Accrued interest	2,935,433	1,782,777
Other governments	190,636	380,006
	<b>59,527,665</b>	<b>63,006,480</b>

**8. EMPLOYEE BENEFITS**

	2011	2010
	\$	\$
Employee future benefits (Note 12)	91,859,600	83,711,624
Accrued pension benefits (Note 11)	20,994,964	19,462,211
Retirement benefits	10,992,033	10,225,790
Severance pay	5,957,322	6,074,873
	<b>129,803,919</b>	<b>119,474,498</b>

**CITY OF ST. JOHN'S****Notes to the Consolidated Financial Statements**

December 31, 2011

**9. DEBENTURE DEBT**

	2011	2010
	\$	\$
Debenture debt outstanding (Schedule 2)	286,500,000	225,512,000
Less: debt charges recoverable from the Province of Newfoundland and Labrador (Schedule 2)	29,594,943	32,558,082
Less: portfolio investments (sinking funds) available (Schedule 2)	75,642,202	73,424,249
	181,262,855	119,529,669

The annual requirements over the next five years relating to scheduled sinking funds less debt charges recoverable from the Province of Newfoundland and Labrador (the "Province") are as follows:

Year	Scheduled Sinking Fund Requirements	Province of Newfoundland and Labrador	Net Amount
	\$	\$	\$
2012	7,137,500	(1,184,886)	5,952,614
2013	6,962,500	(1,184,886)	5,777,614
2014	6,737,500	(1,184,886)	5,552,614
2015	6,737,500	(1,184,886)	5,552,614
2016	6,612,500	(1,184,886)	5,427,614

**10. LONG-TERM DEBT**

	2011	2010
	\$	\$
Long-term debt (Schedule 3)	18,520,457	22,406,479
Mortgages - Urban living non-profit housing (Schedule 4)	15,392,657	16,746,187
St. John's Transportation Commission	3,534,000	4,633,500
	37,447,114	43,786,166
Less: debt charges recoverable (Schedule 3)	(10,143,351)	(11,961,330)
	27,303,763	31,824,836

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

**10. LONG-TERM DEBT (Continued)**

Annual principal repayments over the next five years relating to retirement of long-term debt are as follows:

Year	Long-term Debt	Non-Profit Housing Mortgages	St. John's Transportation Commission	Province of Newfoundland and Labrador Share	Net Amount
	\$	\$	\$	\$	\$
2012	4,020,511	1,402,504	3,534,000	(1,945,818)	7,011,197
2013	4,155,420	1,438,516	-	(2,073,416)	3,520,520
2014	4,128,524	1,475,528	-	(2,046,904)	3,557,148
2015	4,047,896	1,513,578	-	(1,971,372)	3,590,102
2016	2,103,861	1,552,684	-	(2,074,202)	1,582,343
Thereafter	64,244	8,009,846	-	(31,638)	8,042,452

The Province's portion of cost shared loans is recorded in the accounts of the City as debt charges recoverable in accounts receivable.

Mortgages of the Urban Living Non-Profit Housing Fund are secured by specific rental properties situated in St. John's and an assignment of rental income.

**11. ACCRUED PENSION BENEFITS**

	2011	2010
	\$	\$
City of St. John's - Employees	17,815,679	16,197,436
City of St. John's - Mayor and Councillors	2,884,900	2,789,700
St. John's Transportation Commission	294,385	475,075
	<b>20,994,964</b>	<b>19,462,211</b>

*Pension plans*

The City maintains a defined benefit plan which provides pension benefits to its employees. The City also maintains a supplementary retirement arrangement for the members of Council. Both plans provide benefits based on length of service and average earnings.

An actuarial valuation of the plans was completed as at December 31, 2007 for the Mayor and Councillors, December 31, 2009 for the St. John's Transportation Commission plans and December 31, 2010 for Employees plan as described below.



**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

**11. ACCRUED PENSION BENEFITS (Continued)**

	Employees	Mayor and Councilors	2011	2010
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	206,666,147	2,741,800	209,407,947	182,018,801
Current service cost	9,567,000	105,200	9,672,200	8,654,723
Interest cost	12,994,402	136,600	13,131,002	12,057,347
Benefits paid	(7,351,906)	(123,100)	(7,475,006)	(6,303,594)
Past services and Flexible Ancillary Benefit				
Account ("FABA") contributions	273,489	-	273,489	257,440
Actuarial loss (gain)	277,569	-	277,569	12,723,230
Balance, end of year	222,426,701	2,860,500	225,287,201	209,407,947
<i>Plan assets</i>				
Fair value, beginning of year	161,646,572	-	161,646,572	145,609,846
Return on plan assets	(5,059,917)	-	(5,059,917)	12,270,864
Benefits paid	(7,351,906)	-	(7,351,906)	(6,173,594)
City contributions to plan	8,707,302	-	8,707,302	5,517,200
Past services and FABA contributions	273,489	-	273,489	257,440
Employee contributions to plan	4,527,198	-	4,527,198	4,164,816
Fair value, end of year	162,742,738	-	162,742,738	161,646,572
Funded status - deficit	(59,683,963)	(2,860,500)	(62,544,463)	(47,761,375)
Unamortized amounts	41,868,284	(24,400)	41,843,884	28,774,239
Accrued benefit liability	(17,815,679)	(2,884,900)	(20,700,579)	(18,987,136)
<i>Significant assumptions used</i>				
Discount rate	6.25%	5.00%		
Expected long-term rate of return on plan assets	6.00%	6.00%		
Rate of compensation increase	4.00%	3.25%		
Average remaining service period of active employees	14.7 years	1.2 years		
<i>Net benefit expense for the year</i>				
Current service cost	9,567,000	105,200	9,672,200	8,654,723
Interest cost	12,994,402	136,600	13,131,002	12,057,347
Amortization of (gains) losses	2,586,629	(23,500)	2,563,129	1,869,818
Employee contributions	(4,527,198)	-	(4,527,198)	(4,164,816)
Expected return on plan assets	(10,295,288)	-	(10,295,288)	(9,734,676)
Net benefit expense	10,325,545	218,300	10,543,845	8,682,396



**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

**11. ACCRUED PENSION BENEFITS (Continued)**

*St. John's Transportation Commission ("Commission")*

*Defined benefit pension plans*

The Commission maintains two defined benefit plans which provide pension benefits to its union and non-union employees. The plans provide benefits based on length of service and average earnings.

Based on an actuarial valuation of the plans completed as at December 31, 2009, the following results have been extrapolated to December 31, 2011:

	2011	2010
	\$	\$
<i>Accrued benefit obligation</i>		
Balance, beginning of year	30,540,996	28,730,877
Current service cost	1,162,539	1,039,953
Interest cost	1,887,676	1,776,067
Benefits paid	(1,144,292)	(1,029,238)
Participant contributions	21,695	23,337
Loss on accrued benefit obligation	1,349,814	-
Balance, end of year	33,818,428	30,540,996
<i>Plan assets</i>		
Fair value, beginning of year	27,656,450	25,413,624
Return on plan assets	(2,264,494)	2,088,929
Benefits paid	(1,144,292)	(1,029,238)
Employer contributions to plan	1,273,385	681,816
Employee contributions to plan	436,841	501,319
Fair value, end of year	25,957,890	27,656,450
Funded status - surplus (deficit)	(7,860,538)	(2,884,546)
Unamortized amounts	7,566,153	2,409,471
Accrued benefit liability	(294,385)	(475,075)

*Significant assumptions used*

Discount rate	6.25%	6.25%
Expected long-term rate of return on plan assets	6.00%	6.00%
Rate of compensation increase	3.50%	3.50%
Average remaining service period of active employees	16.3 years	15 years

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

**11. ACCRUED PENSION BENEFITS (Continued)**

	2011	2010
	\$	\$
<i>Net benefit expense for the year</i>		
Current service cost	1,162,539	1,039,953
Interest cost	1,887,676	1,776,067
Amortization of losses	183,089	217,527
Liability increase due to flexible contributions	21,695	23,337
Employee contributions	(436,841)	(501,319)
Expected return on plan assets	(1,725,463)	(1,574,575)
Net benefit expense	1,092,695	980,990

**12. EMPLOYEE FUTURE BENEFITS**

Both the City and the Commission provide post-retirement health and life benefits to their retired employees. The actuarial valuation of the plan completed as at December 31, 2009, extrapolated to December 31, 2011 is presented below.

	2011		2010	
	City	Commission	Total	Total
	\$	\$	\$	\$
<i>Accrued benefit obligation</i>				
Balance, beginning of year	88,460,600	7,600,953	96,061,553	90,002,052
Current service cost	3,521,300	224,825	3,746,125	3,568,743
Interest cost	4,462,400	409,643	4,872,043	4,566,287
Estimated claims and expenses	(1,945,800)	(254,778)	(2,200,578)	(2,075,529)
Gain(loss) on benefits obligation	-	(114,471)	(114,471)	-
Balance, end of year	94,498,500	7,866,172	102,364,672	96,061,553
Funded status - deficit	94,498,500	7,866,172	102,364,672	96,061,553
Unamortized amounts	(9,364,600)	(1,140,472)	(10,505,072)	(12,349,929)
Accrued benefit liability	85,133,900	6,725,700	91,859,600	83,711,624

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
December 31, 2011

**12. EMPLOYEE FUTURE BENEFITS (Continued)**

	2011		2010	
	City	Commission	Total	Total
<i>Significant assumptions used</i>				
Discount rate	5.00%	5.40%		
Average remaining service period of active employees	12 years	14.8 years		
	\$	\$	\$	\$
<i>Net benefit expense for the year</i>				
Current service cost	3,521,300	224,825	3,746,125	3,568,743
Amortization of actuarial gains/losses	1,607,900	122,486	1,730,386	1,730,388
Interest cost	4,462,400	409,643	4,872,043	4,566,287
Net benefit expense	9,591,600	756,954	10,348,554	9,865,418

**13. ACCUMULATED SURPLUS**

	2011	Re-stated 2010
	\$	\$
Accumulated surplus, beginning of year	664,404,164	602,757,870
Excess of revenues over expenditures	44,253,925	61,646,294
Accumulated surplus, end of year	708,658,089	664,404,164
<i>Appropriated surplus</i>		
Sinking fund - reserve for retirement of debentures	75,642,202	73,424,249
Reserve for Shoal Bay treatment plant	268,900	224,080
Reserve for landfill capital improvements	7,863,587	7,863,587
Urban living non-profit housing - replacement reserve	1,069,236	875,402
Reserve for snow and ice management	2,000,000	2,000,000
Reserve for salt savings	1,372,746	1,372,746
Reserve for Civic Centre financing	2,213,772	1,557,156
Reserve for capital	3,392,083	2,774,680
Reserve for employee benefits stabilization fund	1,919,992	1,899,946
Reserve for Robin Hood Bay equipment replacement	1,417,902	850,741
Reserve for Robin Hood Bay post-closure costs (Note 17)	3,622,775	2,400,000
	100,783,195	95,242,587
Unappropriated surplus	607,874,894	569,161,577
	708,658,089	664,404,164

## CITY OF ST. JOHN'S

### Notes to the Consolidated Financial Statements

December 31, 2011

#### 14. SUPPLEMENTARY CASH FLOW INFORMATION

	2011	2010
	\$	\$
Changes in other balances:		
Accounts receivable	2,441,601	5,366,721
Inventory of materials and supplies	(59,466)	(129,031)
Prepaid expenditures	70,044	104,786
Payables and accruals	(3,478,815)	(3,117,583)
Deferred credits	(300,400)	(360,480)
	(1,327,036)	1,864,413

#### 15. CREDIT FACILITIES

The City has the following credit facilities available to meet its short-term financing needs:

- Demand facilities with the Royal Bank totalling \$14,500,000 (2010 - \$14,500,000), bearing interest on advances at Royal Bank prime rate minus 0.5% (2010 - Royal Bank prime rate minus 0.5%). Drawings on the facility at December 31, 2011 were \$Nil (2010 - \$11,490,127)
- Demand facilities with the Royal Bank totalling \$49,560,000 for the purpose of capital financing (2010 - \$49,560,000), bearing interest on advances at Royal Bank prime rate minus 0.75% (2010 - Royal Bank prime rate minus 0.75%). Drawings on this facility at December 31, 2011 were \$Nil (2010 - \$39,000,000).
- Line of credit in the amount of \$15,000,000 (2010 - \$15,000,000), bearing interest on advances at 2.2% (2010 - Royal Bank prime rate minus 0.60%), of which \$3,534,000 (2010 - \$4,633,500) was used as at December 31, 2011, and maturing January 27, 2012 and subsequently renewed with an interest rate of 2.2% maturing November 29, 2012.

#### 16. CONTINGENCIES AND COMMITMENTS

##### *Expropriation and other claims*

The City has received notices of claims totalling approximately \$2,194,796. No provision has been made for these claims either because the City is not expected to incur any significant liability, or because an estimate of loss, if any, is not determinable at this time.

The Commission is contingently liable for claims below \$50,000 which are not covered under its current insurance policy.

**CITY OF ST. JOHN'S**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2011**

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**16. CONTINGENCIES AND COMMITMENTS (Continued)**

*Lease commitments*

Under the terms of long-term operating leases on equipment, the City is required to make annual lease payments for the next five years as follows:

2012	2,888,885
2013	2,410,821
2014	1,576,486
2015	526,450
2016	476,280

*Greenbelt Tennis Club*

The City has guaranteed a loan of \$150,000 for the replacement of an air supported structure.

**17. ROBIN HOOD BAY CLOSURE AND POST-CLOSURE COSTS**

The liability for closure and post-closure care of the Robin Hood Bay landfill is recognized as the landfill site's capacity is used. Closure costs include the final cover and landscaping while post-closure costs include cap maintenance, groundwater and leachate monitoring, continued gas management operations, inspections and annual reports. The liability recognized in the consolidated financial statement is subject to measurement uncertainty. The recognized amounts are based on the City's best information and judgement. Amounts could materially change in the long-term.

Estimated closure and post-closure costs over the next 37 years	\$47,000,000
Discount rate	5%
Discounted cost	\$7,728,475
Expected year capacity will be reached	2049
Percent utilized	5%
Liability based on the percentage utilized	\$579,636

The tipping fees charged by the City to all users, including the City itself, other municipalities and commercial users include a provision for closure and post-closure costs which is contributed to an interest-bearing reserve to accumulate the funds that will be required at each closure and post-closure phase. The balance in the reserve at December 31, 2011 was \$ 3,622,775.

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Tangible Capital Assets**  
Year Ended December 31, 2011

Schedule 1

	Land	Buildings & Permanent Improvements	Roads & Underground Networks	Equipment, Vehicles & Moveable Plant	Fire Department Buildings & Equipment	Work in Process	Urban Living Non-profit Housing Buildings	2011 Totals
	\$	\$	\$	\$	\$	\$	\$	\$
								(Restated Note 2)
<b>Cost</b>								
Balance, beginning of year re-stated	48,492,075	243,172,912	664,879,645	159,563,877	19,665,970	86,938,164	30,922,838	1,253,635,481
Add: Additions during the year	3,711	6,813,127	49,873,418	8,226,742	1,257,500	74,981,936	2,978,092	144,134,526
Less: Disposals during the year	-	-	-	(1,192,455)	(449,888)	-	-	(1,642,343)
Adjustments	-	-	-	-	-	(68,309,109)	-	(68,309,109)
Balance, end of year	48,495,786	249,986,039	714,753,063	166,598,164	20,473,582	93,610,991	33,900,930	1,327,818,555
<b>Accumulated amortization</b>								
Balance, beginning of year re-stated	-	47,949,668	145,701,982	59,843,728	6,146,482	-	14,771,175	274,413,035
Add: Additions during the year	-	6,231,024	11,665,285	8,734,426	862,613	-	831,571	28,324,919
Less: Disposals during the year	-	-	-	(1,168,480)	(449,889)	-	-	(1,618,369)
Balance, end of year	-	54,180,692	157,367,267	67,409,674	6,559,206	-	15,602,746	301,119,585
<b>Net book value of tangible capital assets</b>	48,495,786	195,805,347	557,385,796	99,188,490	13,914,376	93,610,991	18,298,184	1,026,698,970



**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Debenture Debt**  
December 31, 2011

**Schedule 2**

Date of Maturity	Interest Rate	Amount Issued	Amount Outstanding	2011		2010	
				Sinking Funds Available	Sinking Fund Requirement in 2012	Sinking Funds Available	Sinking Fund Requirement in 2011
		\$	\$	\$	\$	\$	\$
Nov. 2011	6.150%	9,012,000	-	86,121	-	8,320,748	710,000
June 2012	10.875%	14,000,000	11,000,000	11,788,419	175,000	10,979,367	350,000
Sept. 2013	9.160%	9,000,000	6,000,000	6,153,534	225,000	5,358,748	225,000
Oct. 2015	9.400%	5,000,000	5,000,000	4,102,075	125,000	3,757,987	125,000
Dec. 2020	6.840%	7,000,000	7,000,000	3,869,864	175,000	3,493,708	175,000
Dec. 2021	7.380%	15,000,000	15,000,000	6,954,785	375,000	6,088,784	375,000
Apr. 2022	7.250%	16,500,000	16,500,000	5,403,696	412,500	4,706,871	412,500
Feb. 2023	6.680%	11,000,000	11,000,000	4,509,044	275,000	3,842,809	275,000
Feb. 2024	6.162%	25,000,000	25,000,000	7,786,047	625,000	6,547,853	625,000
June 2025	5.534%	18,000,000	18,000,000	4,844,554	450,000	3,995,308	450,000
Mar. 2026	5.300%	25,000,000	25,000,000	5,178,865	625,000	4,131,640	625,000
Dec. 2026	4.975%	35,000,000	35,000,000	11,864,078	875,000	10,274,312	875,000
Dec. 2027	5.400%	15,000,000	15,000,000	1,686,676	375,000	1,238,234	375,000
Nov. 2029	5.539%	27,000,000	27,000,000	1,414,444	675,000	687,880	675,000
Aug. 2031	4.622%	70,000,000	70,000,000	-	1,750,000	-	-
		301,512,000	286,500,000	75,642,202	7,137,500	73,424,249	6,272,500

For the debenture debt that matures in 2021, 2023, 2024, 2025, and 2026, there are debt recoverable charges from the Province of Newfoundland and Labrador of \$2,519,158, \$4,114,227, \$6,493,824, \$5,825,894 and \$10,641,840 respectively, for a total of \$29,594,943.

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Long-Term Debt**  
December 31, 2011

**Schedule 3**

	Date of Maturity	Interest Rate	Amount Issued	Amount Outstanding	2011	Amount Outstanding	2010
					Principal Requirement in 2012		Principal Requirement in 2011
			\$	\$	\$	\$	\$
<b>Canada Mortgage and Housing Corporation</b>							
Virginia Park trunk sewer	Apr. 2013	7.500%	104,408	15,089	7,267	21,841	6,752
Virginia Park trunk sewer	Mar. 2014	7.875%	157,908	34,218	10,537	43,972	9,754
Rennies River trunk sewer	Oct. 2015	10.375%	1,011,991	342,738	73,154	408,854	66,116
Rennies River trunk sewer	Oct. 2017	9.750%	681,350	303,217	39,311	338,959	35,742
Wedgewood Park water and sewer	Jan. 2017	7.875%	12,410	4,822	657	5,430	608
<b>Federation of Canadian Municipalities</b>							
Harbour Sewage Treatment Plant	Aug. 2015	2.450%	15,000,000	6,000,000	1,500,000	7,500,000	1,500,000
Harbour Sewage Treatment Plant	Dec. 2015	2.660%	5,000,000	2,000,000	500,000	2,500,000	500,000
<b>Newfoundland Municipal Financing Corporation</b>							
Fire Equipment	Sept. 2011	7.750%	90,895	-	-	12,498	12,498
1991 Studies B	Feb. 2011	9.750%	46,373	-	-	2,835	2,835
Higgins Line 1997	June 2013	7.375%	484,764	75,319	49,298	121,172	45,854
1997 Harbour Cleanup	Jan. 2014	7.500%	1,464,499	368,256	139,224	497,598	129,341
2001 Harbour Cleanup	Feb. 2014	7.500%	1,448,983	364,355	137,749	492,326	127,971
Higgins Line 2001	Dec. 2014	8.375%	574,858	177,176	54,285	227,185	50,009
Mile One Stadium	Sept. 2016	7.750%	19,006,737	8,835,267	1,509,029	10,233,809	1,398,542
			45,085,176	18,520,457	4,020,511	22,406,479	3,886,022

For the long-term debt that matures from 2012 to 2016, there are debt recoverable charges from the Province of Newfoundland and Labrador of \$9,820,373 and a debt recoverable charges from the Government of Canada of \$322,978, for a total of \$10,143,351.

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Mortgages - Urban Living**  
**Non-Profit Housing**

**Schedule 4**

**December 31, 2011**

			2011	2010
	Date of Maturity	Interest Rate	Amount Issued	Amount Outstanding
			\$	\$
Newfoundland & Labrador Housing Corporation				
Hamlyn Road	Aug. 1, 2022	2.140%	2,207,290	1,154,549
Infill 1987	Apr. 1, 2023	2.140%	2,070,285	1,138,008
Gear Street - Infill 1988	Sept. 1, 2025	2.140%	1,929,560	1,206,117
Brookfield Road	Dec. 1, 2025	2.140%	2,203,600	1,386,738
Cochrane Street	Nov. 1, 2027	4.630%	745,887	400,711
Infill 1990	Nov. 1, 2026	1.640%	1,628,008	1,030,482
Campbell Avenue	Feb. 1, 2028	3.900%	968,952	661,382
Infill 1992	Dec. 1, 2028	2.140%	1,682,553	1,015,085
Canada Mortgage and Housing Corporation				
Forest Road	Jan. 1, 2018	3.900%	1,647,890	587,078
Cuckholds Cove Road	Apr. 1, 2018	3.160%	804,200	291,078
Infill 1982	July 1, 2018	3.090%	651,550	246,948
Rawlins Cross	Dec. 1, 2018	2.860%	1,249,485	494,428
Hamilton Avenue - Riverhead Towers	Feb. 1, 2019	1.810%	3,736,230	1,458,837
Fahey's Row - Infill 1983	May 1, 2019	2.610%	962,163	414,987
Alexander Street - Hamilton Avenue	June 1, 2019	2.610%	1,920,998	832,371
Camell Street - Larkin Square	Jan. 1, 2020	2.650%	1,910,065	887,202
Goodview Street - Carter's Hill	Jan. 1, 2020	2.760%	1,406,630	661,962
Infill 1985	Apr. 1, 2021	2.260%	880,530	452,684
Carter's Hill - Sebastian Court	Aug. 1, 2021	1.800%	2,031,175	1,072,010
			30,637,051	15,392,657
Current portion				1,402,504

Mortgages are secured by specific rental properties situated in St. John's and assignment of rental income.

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Revenues**  
Year Ended December 31, 2011

**Schedule 5**

	2011	2010
	\$	\$
		(Restated Note 2)
<b>Taxation</b>		
Real property	98,329,698	92,601,279
Water	28,220,000	27,387,323
Business	25,342,298	24,893,457
Utility	6,363,032	6,182,312
Accommodation	2,281,679	2,128,064
	<b>160,536,707</b>	<b>153,192,435</b>
<b>Grants in lieu of taxes</b>		
Government of Canada	1,573,554	1,451,153
Government of Canada agencies	536,505	532,079
Water tax grant	2,033,341	2,109,666
Government of Newfoundland and Labrador agencies	101,185	97,087
	<b>4,244,585</b>	<b>4,189,985</b>
<b>Grants and transfers</b>		
Government of Canada		
Capital grant	-	74,380
St. John's Transportation Commission	28,465	56,931
Gas tax rebate	4,182,852	4,182,852
Government of Newfoundland and Labrador		
Municipal operating grant	3,411,427	3,101,298
Municipal capital grant	36,682,024	24,042,159
Capital Grant - Non-Profit Housing	890,488	4,347,513
Recovery of debt charges	2,770,890	3,139,278
Rental housing projects	1,202,308	927,943
City of Mount Pearl and Town of Paradise		
Capital contribution	70,789	1,970,162
City of Mount Pearl public transit contribution	698,969	576,405
Capital contribution from Developers	5,950,103	20,541,089
Other capital grants	148,982	923,937
Real Program Grants / ACOA	978,678	958,561
	<b>57,015,975</b>	<b>64,842,508</b>
<b>Sales of goods and services</b>		
Environmental health services		
Water sales - commercial and shipping	5,358,935	5,352,241
Tipping fees	10,109,381	8,019,289
Recycling materials	629,539	74,445
Regional Fire recovery	5,481,016	5,113,077

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Revenues**  
Year Ended December 31, 2011

**Schedule 5 (continued)**

	2011	2010
	\$	\$
		(Restated Note 2)
<b>Sales of goods and services (continued)</b>		
Environmental health services (continued)		
Regional Water recovery	3,299,858	3,195,756
Regional Waste Water recovery	228,660	356,549
Other	193,575	183,566
General government services	655,298	388,150
Transportation services		
Parking meters	1,695,879	1,420,428
Parking permits	249,374	231,367
Other	21,154	15,008
Third party charges	468,539	424,804
Sale of land	373,969	357,409
Gain on disposal of equipment	36,390	32,588
Recreation, parks and tourism	1,411,748	1,265,124
St. John's Sports & Entertainment Ltd.	6,848,770	5,553,254
Railway Coastal Museum	296,843	306,697
Other general services	1,259,100	1,142,872
	<b>38,618,028</b>	<b>33,432,624</b>
<b>Other revenue from own sources</b>		
Interest on tax arrears	1,858,717	1,652,431
Interest earned on portfolio investments	3,542,292	3,301,990
Interest savings, Green Municipal Infrastructure Fund	300,400	360,480
Fines	1,769,345	1,830,841
Construction and other permits	3,423,803	4,449,607
Interest earned	649,505	109,317
Business and amusement licenses	148,288	142,192
Rents, concessions and franchises	57,341	33,685
Apartment rentals	2,737,267	2,683,305
St. John's Transportation Commission		
Passenger fares	4,656,393	4,670,766
Charters	97,664	69,522
Transit advertising	278,927	311,305
Sundry	79,690	58,914
Civic assessments	180,023	321,314
Sub - division assessments	366,063	418,134
	<b>20,145,718</b>	<b>20,413,803</b>
<b>Total revenue</b>	<b>280,561,013</b>	<b>276,071,355</b>

**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Expenditures**  
Year Ended December 31, 2011

**Schedule 6**

	2011	2010
	\$	\$
		(Restated Note 2)
<b>General government services</b>		
Legislative	813,213	895,872
General government	18,892,508	18,535,431
Engineering services	6,947,101	5,869,908
Pensions and employee benefits	1,922,600	3,702,345
Employee future benefits	10,243,036	10,357,181
Other general government	578,596	586,734
	<b>39,397,054</b>	<b>39,947,471</b>
<b>Fiscal services</b>		
Debenture debt charges		
Interest	15,373,563	14,077,031
Amortization	12,420	12,420
Long-term debt interest	1,478,776	1,790,479
Non-Profit Housing mortgage interest	435,882	495,836
St. John's Transportation Commission interest	90,246	81,887
Interest on temporary bank loans	804,831	506,014
Other debt charges	357,655	33,795
	<b>18,553,373</b>	<b>16,997,462</b>
<b>Transportation services</b>		
Road transport		
Administration	3,009,697	2,832,731
Fleet services	746,822	(118,475)
Snow clearing	13,503,047	11,199,747
Streets, roads and sidewalks	5,378,075	4,293,544
Maintenance depot	1,689,140	1,443,359
Traffic services	1,321,152	1,318,977
Street cleaning	165,326	158,070
Street lighting	3,883,473	3,765,755
St. John's Transportation Commission	14,633,201	13,531,592
St. John's Para-Transit System	2,047,182	1,431,223
Parking meters	85,644	72,930
	<b>46,462,759</b>	<b>39,929,453</b>



**CITY OF ST. JOHN'S**  
**Consolidated Schedule of Expenditures**  
Year Ended December 31, 2011

Schedule 6 (continued)

	2011	2010
	\$	\$
		(Restated Note 2)
<b>Protective services</b>		
Fire protection	23,528,729	21,587,462
Protective inspections	3,565,791	3,438,896
Traffic enforcement	2,257,096	2,233,702
Animal and pest control	1,091,652	964,460
	<b>30,443,268</b>	<b>28,224,520</b>
<b>Environmental health services</b>		
Water supply and distribution	13,427,106	12,487,572
Regional Water system	4,530,981	4,207,135
Regional Waste Water system	2,563,708	2,286,750
Regional Robin Hood Bay landfill	11,756,746	8,106,253
Garbage, waste collection and disposal	3,890,991	3,344,330
Sewage collection and disposal	532,704	501,489
	<b>36,702,236</b>	<b>30,933,529</b>
<b>Recreation and cultural services</b>		
Parks and open spaces	9,637,004	8,497,750
Recreation	8,976,976	6,997,337
St. John's Sports & Entertainment Ltd.	7,399,417	6,109,265
Railway Coastal Museum	416,144	452,778
Destination St. John's	984,159	938,652
Other recreation and cultural services	1,713,904	2,181,560
	<b>29,127,604</b>	<b>25,177,342</b>
<b>Environmental development services</b>		
Environmental planning and zoning	1,142,482	1,156,569
Housing and real estate	2,222,049	2,161,679
Other environmental development services	2,003,855	1,784,680
	<b>5,368,386</b>	<b>5,102,928</b>
<b>Amortization and allowances</b>		
Allowance for uncollectible accounts	1,896,953	1,629,499
Allowance for obsolete inventory	30,536	117,398
Amortization	28,324,919	26,365,459
	<b>30,252,408</b>	<b>28,112,356</b>
<b>Total expenditures</b>	<b>236,307,088</b>	<b>214,425,061</b>